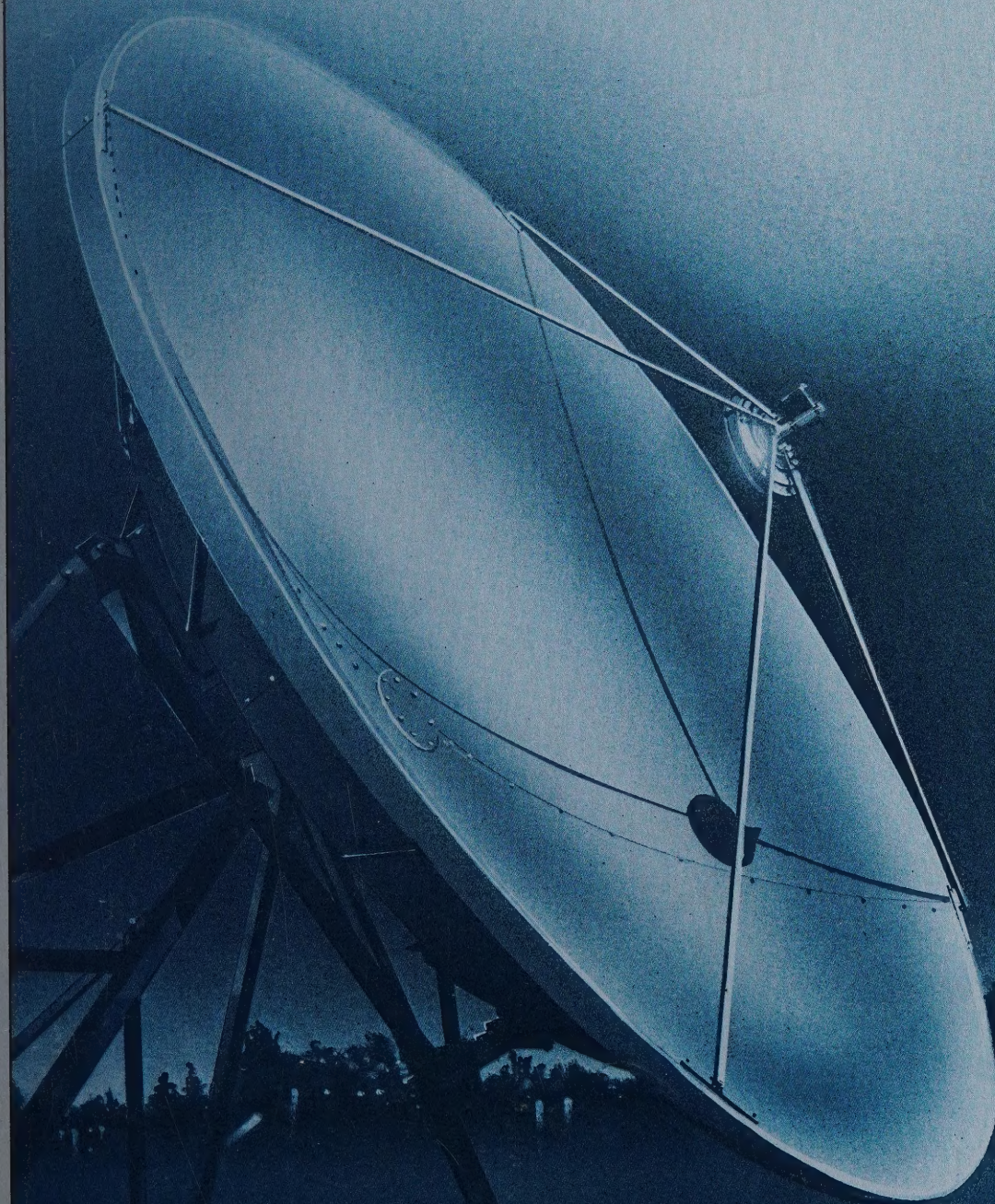


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CAPITAL CABLE TV LTD. ANNUAL REPORT 1982

Francis G. Winspear Collection
Faculty of Business
University of Alberta



COVER

Satellite technology has given the word "dish" a whole new meaning. To the TV Broadcast Networks it can mean live coverage of events taking place anywhere on the globe, from the top of Mount Everest, to Brisbane, Australia. Canada's national broadcasting system, the CBC transports programming across Canada via satellite. To the consumer it can mean an array of television channels. The cable industry now looks to satellites and dishes for the expansion of their service.

"Expansion" is our theme in this annual report. Not only has Capital Cable TV expanded its holdings across Canada, growth is also taking place within the systems by the introduction of pay TV services.

The "dish" on our cover pointed upwards into a vast night sky is symbolic of the cable industry's view of the future.



CONTENTS

PRESIDENT JAMES R. SHAW reports on an active year in the development of Capital Cable TV Ltd.

CAPITAL CABLE TV EXPANDS: In March 1982, the company acquired Cable West TV. Now with operations throughout British Columbia, Alberta and the east coast Capital becomes the fourth largest cable system in Canada. The U.S. operations continue to develop.

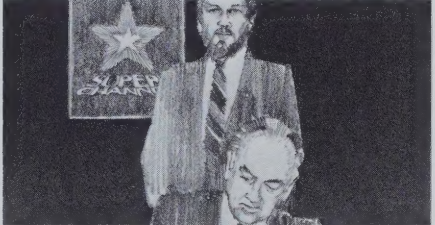
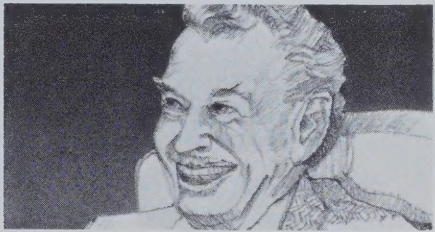
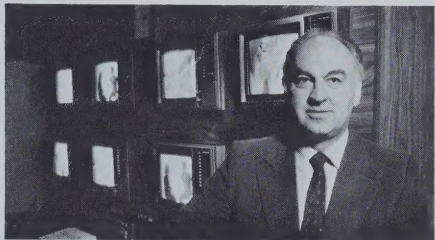
LLOYD GARTRELL: A Canadian cable pioneer and an officer in the company recalls his early days in cable TV.

CORPORATE OFFICERS AND MANAGEMENT: With the acquisition of Cable West, reorganization of responsibilities in the company was needed. The report profiles these individuals.

THE NEW SOURCE—PAY TV: Pay TV has been heralded as a new source of opportunities for the Canadian creative community as well as the much needed new source of revenue for the cable industry. This new source of television entertainment is thoroughly examined.

10 YEARS OF COMMUNITY PROGRAMMING: Both Capital Cable TV and Cable West TV have been serving their subscribers with community programming since 1972. Ten years ago it was a baby finding its footing. The story looks at its growth over the years.

- Other stories
- THE CABLE WEST STORY
- THE CORPORATE STORY
- OPERATING LOCATIONS
- FINANCIAL REPORT



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PRESIDENT'S MESSAGE

I am pleased to report to you on the results of the Company's operations for its fiscal year ended August 31, 1982.

On December 29, 1981 The Canadian Radio-television and Telecommunications Commission (CRTC) approved the acquisition of Cable West TV Ltd. On March 1, 1982, 92% of the outstanding common shares of Cable West were exchanged for Preferred and Common shares of Capital Cable. The remaining 8% was acquired December 4, 1982.

With a combined equivalent subscriber base in excess of 255,000, the Company is now the fourth largest multiple system operator in Canada. The CRTC also approved the expansion of our licenced boundaries to the north east, south east and south of Edmonton to include the development area recently annexed by the City. Approval was also received at the same time to permit us to service the communities of Lamont, Bruderheim and Redwater.

Pay TV will be launched in Canada on February 1, 1983. The CRTC has licensed two national and four regional pay TV distributors. First Choice and C Channel are the national licensees, Superchannel (Alberta and Ontario), Star Channel (Atlantic region) and World View (Greater Vancouver) will operate regionally. In our B.C. systems, North/West Vancouver will offer all three, First Choice, C Channel and World View; Langford-Sooke and Nanaimo will carry First Choice, and C Channel; the interior systems of Penticton, Kelowna, Trail and Nelson will carry one national service, First Choice. In Alberta, Edmonton and Red Deer will present all three, First Choice, C Channel and Superchannel; Bedford and Lower Sackville, Nova Scotia, will carry the three available services, First Choice, C Channel and Star Channel.

The CRTC has indicated that yet another regional pay service will be licensed in British Columbia in the near future.

The cable industry itself in Canada is not immune to rising costs and declining profit margins. This trend can only be corrected if the rate of inflation can be controlled. The company supported the 6 and 5 guidelines introduced by



PRESIDENT OF CAPITAL CABLE TV LTD. 

the federal government last summer. We had submitted for our Edmonton system, a rate increase application to raise the basic subscriber fee by \$1.00 per month. The decision, in keeping with the 6 and 5 guidelines, granted us a 48 cent increase, effective November 1, 1982 with a further increase of 42 cents per month effective July 1, 1983. All licensed systems of our Company have received, or have applications pending, for rate increases under the 6 and 5 guidelines.

Last year we declared a stock dividend of 1 Class "A" share and 1 Class "B" share for each outstanding Class "A" share. We are currently in the process of completing an application to have the Class "B" shares listed on the Toronto Stock Exchange. The Class "A" and "B" shares will continue to be listed on the Alberta Stock Exchange. The listing of "B" shares on the Toronto Stock Exchange will, we believe, allow for a broader distribution in trading of the stock.


Income before extraordinary items was \$2,034,000 as compared to \$1,818,000 last year. Working capital provided from operations, increased by \$1,236,000. The consolidated income for the fiscal year ended August 31, 1982 includes the operating results of Cable West TV Ltd., from March 1, 1982.

The U.S. subsidiaries continue to

expand their subscriber base and the construction of the Douglas County franchise should be completed this fiscal year, however, we will continue to incur operating losses in the U.S. subsidiaries until the systems reach maturity.

In March, Robert W. Lamb, Leslie C. Blackburn and Kenneth R. Fowler were elected directors of the company. Also during the year Robert A. Elliot assumed the responsibilities of General Manager of the Company in addition to his duties as Vice-President.

The Company introduced, effective July 1, 1982 a deferred profit-sharing plan to encourage employees to invest a portion of their earnings in class "B" Shares of Capital Cable. The Company also introduced, effective September 1, 1982, a new benefits package that provides a broader health and care coverage to all employees.

We are prepared to meet the challenges of the future including the introduction of pay TV and expand our role in the Canadian broadcasting system on a sound financial basis. The challenges of the future will be met with the continued assistance and co-operation provided by the staff at every level of the Company 

James R. Shaw
President

CAPITAL CABLE TV EXPANDS



James R. Shaw 

R.W. Laul 

A strong expansionist policy has enabled Capital Cable TV Ltd. to become the fourth largest cable TV system in Canada.

"I'm an expansionist. I want to see Capital expanding and growing—internally and externally," said James R. Shaw, president of Capital Cable TV. "What we need is a balance of growing systems and mature systems."

Capital certainly has grown, particularly in the past two years. In March, 1982, Capital was able to acquire the systems owned by Cable West TV Ltd., located in the interior and on the B.C. Coast, as well as Red Deer, Alberta, and successfully mesh them with systems already owned by Capital in Penticton, Kelowna and Langford-Sooke, B.C.

The addition of Cable West systems has provided Capital with increased status in the cable TV industry. Since Capital is one of the few cable companies that is publicly traded, it is more desirable for present and future shareholders to become part of a larger

company. Capital is traded on the Alberta Stock Exchange and is due for listing of its "B" shares on the Toronto Stock Exchange.

Besides the takeover of Cable West, Capital had already acquired Urban Cablevision Ltd., which is adjacent to Victoria, B.C. on Vancouver Island.

Since Capital was expanding on the West Coast, it was fitting that the company should grow in Atlantic Canada, so the company purchased the Bedford and Lower Sackville systems in the Greater Halifax area, now with 8,600 subscribers.


Included in the purchase of the Nova Scotia based holding company, Trans Spectrum Services Limited, was 24 percent of Avalon Cablevision Limited serving St. John's, Newfoundland.

"I'm an expansionist. I want to see Capital expanding and growing—internally and externally."

So the Capital umbrella stretches over Canada from Newfoundland to British Columbia. It also has expanded south—to Colorado and acquired the assets of Colorado Cablevision, which serves the area immediately south of Denver.

Experimentation in Pay TV, addressable converters and tiering is possible in the Colorado system, which, undoubtedly will have great benefits at some future date, in Capital's Canadian based systems.

Further expansion seems in the picture, for Mr. Shaw stated emphatically, he believes in the cable TV industry. "I just think of it as an electronic highway that will do a lot of things, mainly in the entertainment field. Although such things as security systems, medical alarms and banking have been mentioned, these may or may not happen, but what will be the entertainment field and the ability of cable TV being able to deliver some 50 or more channels to a subscriber's home."

"The householder may not want that many, but he will have the choice," said Mr. Shaw 

THE CABLE WEST STORY

Although the name Cable West TV Ltd. came into existence in late 1978, the system originated 15 years earlier.

In 1963 the Community Video Ltd. system in Trail and Rossland, B.C. was purchased by Mr. Leonard Wolinsky from Mr. John Loader and associates. It was to be the forerunner of Cable West.

The original Community Video Ltd. system, covered Trail-Rossland, and it was expanded in 1965-66 when a system in West Vancouver and the district of North Vancouver was purchased from Mr. Stan Thomas and renamed North West Community Video Ltd.

"Expansion was the name of the game" and a system in Red Deer was bought from Mr. Cameron Harju in late 1966 and was renamed Community Video Red Deer Ltd.

The Nanaimo system was purchased in 1967 from Mr. Ivan Hallway. It was renamed Community Video Nanaimo Ltd.

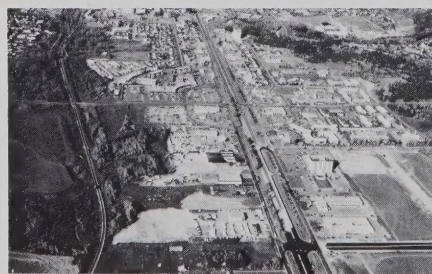
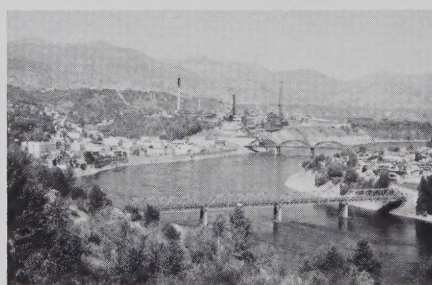
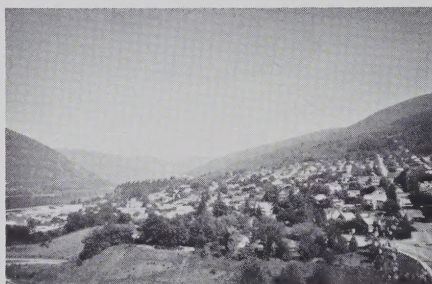
In 1967 Mr. Alex Dworkin was asked to take charge of the operations and it was his responsibility to consolidate them and rebuild the systems.

"Expansion was the name of the game."

Under Mr. Dworkin's direction, more expansion came with the purchase of the system in North Vancouver from Western Broadcasting Systems Ltd. hereby the integration of the North and West Vancouver systems began.

In May 1975, a group of Calgary businessmen, through a company called Microwave Cablevision Ltd. made an offer to purchase the Community Video group of companies headed up by Mr. Nathan Starr.

Various delays, caused by financing and CRTC occurred. Finally the purchase on September 1, 1977 and Microwave took over the operation of the systems. Total subscriber count at that



point was 80,000 with systems in North/West Vancouver, Nanaimo, Trail, Castlegar, Nelson, Montrose-Fruitvale and Red Deer, Alberta.

It was obvious that having now purchased the systems a lot of money had to be put into upgrading, improving and expanding the facilities and in the first year a further \$2.5 million commitment was made to carry out these improvements. A computer system was installed to control subscriber accounts. In Vancouver the office building was completely renovated and new control room and office facilities were built. In Nanaimo a completely new building was designed and built specifically for the cable operations and in the Kootenays a new building and facility were acquired for Nelson plus several TV and FM signals were added. The Red Deer system was also expanded. In 1981 all systems had grown to an expanded base of over 100,000 subscribers.

Not only did the service improve dramatically but mid-band channels were added and many new information and entertainment channels were added to all systems.

The company moved from black and white into colour production studios in all systems, expanding services in North Vancouver adding Broadcast News, House of Commons, Time & Temperature. Finally, microwave was installed to improve signal and system reliability.

After making the improvements the directors felt it was time to bury the old company and come up with a new name. In late 1978 the name was changed to CABLE WEST TV LTD., and the directors proudly and rightfully took credit for all improvements.

So by March 1982, when Capital Cable TV acquired the re-named Cable West TV Ltd., its systems had grown to more than 100,000 subscribers, and the combined total subscribers made Capital the fourth largest multi-system operator in Canada, stretching from Newfoundland to British Columbia ©

LLOYD GARTRELL - A CABLE TV PIONEER

The Oxford dictionary defines pioneer as "one who originates a course of action, etc., followed later by others." The definition suitably fits Lloyd Gartrell, an energetic 61 year-old from Summerland, B.C.

Mr. Gartrell was there at the beginning of cable television in Canada and certainly played an integral role in its development—both from the standpoint of equipment improvements and also luring customers to believe in this new technology.

Perhaps his most important role, certainly the one of which he is most proud, has been the building and installation of microwave receivers and the improvement in television signals, particularly in mountainous areas of British Columbia.

The candid director of Capital Cable TV Ltd. says, "I'm more at home looking at the physical plant than at four walls of an office."

Gartrell enjoys talking about his roots in the television business, of the struggles he had to overcome and of the challenges.

Mr. Gartrell returned to Summerland, B.C.—where he was born February 8, 1921. He returned from the war service and worked in his father's orchards, however, a succession of crop failures forced the young man into another line of work, as there were already five children to feed.

In 1956 Mr. Gartrell joined South Okanagan Television Distributors Ltd. They needed someone to build a right-of-way on a nearby mountain, known as Blue Mountain, and to build a community antenna system.

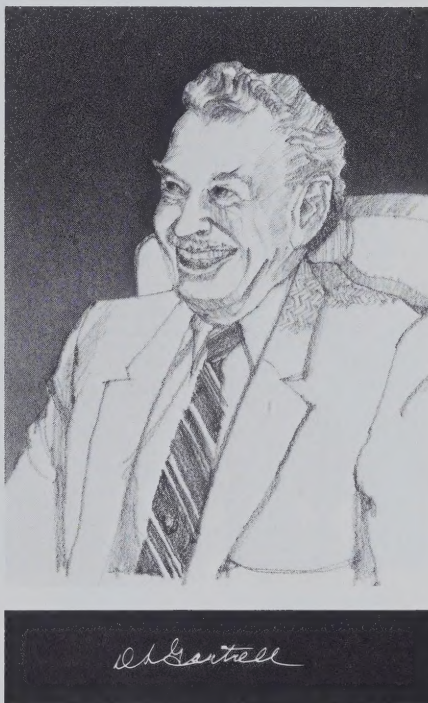
It was an entirely new experience for Mr. Gartrell, but his pioneering spirit was undaunted and after finishing the antenna installation in November 1956 he remained with the company since it was a slack period in the orchards.

By the spring of 1957, Mr. Gartrell had moved through a series of positions with the firm and became its general manager.

Originally 22 local businessmen including Mr. Gartrell, had invested \$3,000 each, for a total of \$66,000. At

the time there were no subscribers. Their dream had begun but it took a long time for it to be realized.

There were only two channels, the black and white picture quality was poor, and subscribers were very few because of competition, not from another community antenna TV system, but from Inland Gas! The gas company was offering a better deal to install furnaces than his company could offer to install and service television sets. However, Mr. Gartrell maintained a motto of meeting challenges with positive thinking.



There were financial obstacles to overcome. Mr. Gartrell soon found himself with a bankrupt company, until Sid Welsh of Vancouver Cablevision became a partner in the late 1950's.

Mr. Gartrell was rather innovative in obtaining customers for community antenna television, however he and his partners were held back by Canadian government regulations from 1957 and through the early 1960s. They were prohibited from using microwave links to transport television signals from the Spokane, Washington stations.

These same government regulations delayed the development of cable TV in such cities as Edmonton and Calgary and it was only four years ago

that the Okanagan systems in B.C. converted to microwave links transporting U.S. based television signals.

The early 1960s were lean, since he only had about 1,000 subscribers, even after Mr. Gartrell had purchased cable systems in Kelowna and Revelstoke to complement the one in Penticton, B.C. The firms were re-organized when an American, Ed Stout, joined Mr. Gartrell as a partner.

"I'm more at home looking at the physical plant than at four walls of an office."

However, the partnership was short-lived. It was disbanded in 1965 when the Canadian government stepped in with their regulation that foreign ownership was limited to 20 per cent in any Canadian communications company.

Mr. Gartrell and his remaining partners carried on until 1973 when their systems were purchased by Capital Cable TV Ltd. He has remained with the Penticton & Kelowna systems which are now under the Capital umbrella.

Mr. Gartrell has seen a tremendous growth in community antenna systems, from poor black and white pictures to "nearly perfect" channels and from a precious few subscribers to thousands as well as unprecedented leaps in technology, an area in which he is still deeply involved.

He concurs that Pay TV is the next major item in television's future and sees the next three years as being vital to the future of cable television in Canada.

"I believe that marketing will be the key item. When community antenna TV began, marketing was all important. Now the time has come again for the hard sell".

Community antenna TV, or cable television, has become an integral part of almost every Canadian's life and men such as Lloyd Gartrell, one of TV's pioneers, have made it just that ©

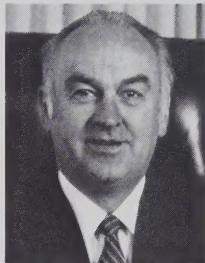
CORPORATE OFFICERS AND MANAGEMENT



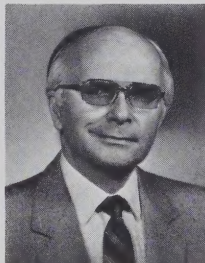
James R. Shaw, president, Capital Cable TV Ltd., born August 14, 1934, Brigiden, Ontario. Besides being president and director of Capital Cable TV Ltd., Mr. Shaw is owner of Shawest Farms; chairman and director of Shaw Industries; president and director of the Shaw Family Foundation and director of Mannville Oil and Gas Ltd. A graduate of Michigan State, Mr. Shaw is married with two sons and two daughters.

R.A. (Randy) Elliot, vice president and general manager, Capital Cable TV Ltd., born 1943, London, Ontario. Mr. Elliot started his TV career with Community Antenna Television of London, Ontario in 1962 and joined Capital Cable TV Ltd. as chief technician in 1971. He is a director of the Canadian Cable Television Association (CCTA) and the Cable Television Association of Alberta (CTAA). Mr. Elliot is married with two children and resides in Sherwood Park, Alberta.

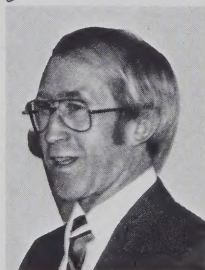
Robert W. Lamb, director, Capital Cable TV Ltd., chairman, Cable West TV Ltd. born 1923, Sask. President of R.W. Lamb Consulting and Management Ltd. and a director of CFCN Calgary Communications Ltd., which he joined in 1944. Also director, Central Interior Cablevision Ltd. and owner Alberta Broadcasting Corp. He is a charter member, secretary and past president of the Western Association of Broadcasters. Mr. Lamb is married with two children and two grandchildren.



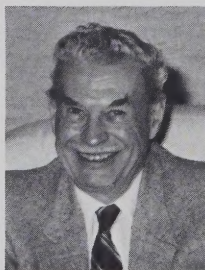
James R. Shaw



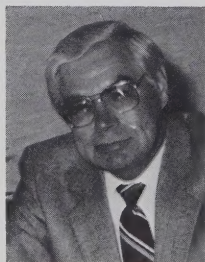
Kenneth R. Fowler



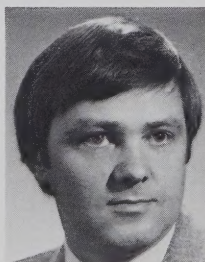
R.A. Elliot



D. Lloyd Gartrell



R.W. Lamb



Peter R. Classon

Kenneth R. Fowler, director, Capital Cable TV Ltd., born 1931, Regina, Saskatchewan. Mr. Fowler's business career started with Canadian General Electric, which later merged with Canadian Appliance Manufacturing Company Limited (CAMCO). He became president of Cable West TV Ltd. in 1980 and was named a director of Capital Cable TV Ltd. in 1982. A graduate of the University of Saskatchewan with a B.Sc. degree, Mr. Fowler is married with two children and lives in North Vancouver, B.C.

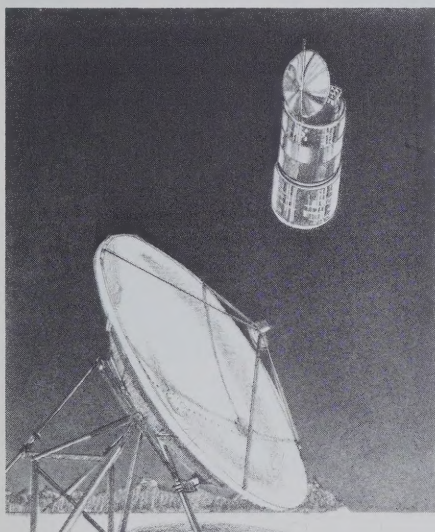
D. Lloyd Gartrell, director, Capital Cable TV Ltd., president, Penticton and Kelowna Cable TV Ltd. and Urban Cablevision Ltd., born February 8, 1921, Summerland, B.C. Mr. Gartrell joined South Okanagan Television Distributors Ltd. in 1956. In 1974, he was presented with a CCTA Award, recognizing his contributions to the cable TV industry. Mr. Gartrell is married with six children and 10 grandchildren and lives in Summerland, B.C.

Peter R. Classon, director, Capital Cable TV Ltd., president and director, Metrovision Limited, director, Avalon Cablevision Limited, president, Colorado Cablevision Inc., born September 29, 1944, Cardiff, Wales. Mr. Classon graduated with a B. Comm. degree from Mount Allison University in 1970 and became a C.A. with the Institute of Chartered Accountants of Nova Scotia in 1972. He is also a director of Cable West TV Ltd. and has been executive vice-president of Capital Cable TV Ltd. since 1981. Mr. Classon is married with three children.

A NEW SOURCE—PAY TV

The launch of Anik C-3 satellite via the space shuttle Columbia in the fall of 1982 played an important role in the advent of Pay TV in Canada.

The communications satellite will relay signals across Canada to allow Pay TV into the homes of cable TV subscribers in early 1983. Superchannel (in Alberta and Ontario), Star Channel in the Atlantic region, World View in Greater Vancouver area, C Channel and First Choice are all offering a premium mix of entertainment.



Agreements were signed over a span of several months in the fall of last year. These agreements spelled out the details of contracts where the cable companies and the networks could co-operatively market, deliver and service new channels being introduced. The wholesale/retail prices had to be agreed upon. Package plans and other terms of the association were also considerations.

In November 1982, a Pay TV committee was struck from the management group that saw Randy Elliot, Lloyd Gartrell and Ken Fowler investigate the feasibility of providing at least one "pay" service at all locations served by Capital Cable TV and Cable West in B.C. and Alberta.

Yes, Canadian home entertainment has come a long way in the past 100 years.

First it was the piano and musical evenings in the parlor. Then radio brought the family together, followed later by television. Now, Canadians and cable TV subscribers can look forward to a revival of traditional values, such as family get-togethers with the arrival in 1983 of Pay TV.

Pay TV is a completely new product, which will bring a selection of first run movies, concerts, artistic performances, and Canadian produced programming into our homes on our current television sets. There will be no commercials because Pay TV is supported through a premium subscription fee, much as cable viewers pay a monthly fee for basic service.

All three Pay TV networks have been engaged in the hard sell as cable systems throughout Canada gear up for the next giant step in the communications world.



Alberta's **Superchannel's** program schedule is designed to have a broad appeal to subscribers because its schedule is formatted to be very heavily weighted in movie content. As a matter of fact, Superchannel's 24 hours-a-day schedule will comprise of 70 per cent movies and 30 per cent sports and variety.

Why movies?

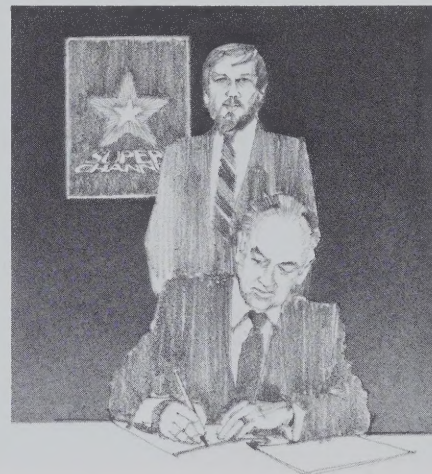
Superchannel, prior to the launch of Pay TV in Canada, conducted a sophisticated and comprehensive survey to determine what present cable subscribers and potential subscribers wanted to see. The overwhelming choice was a wide range of movies which would be shown at different times of the day and month and thus affording subscribers many different movies at the times they want to see them. Movies Canadians wanted to see were varied. They wanted recent hit titles, children's movies, classic movies, sad movies and funny movies. They wanted MOVIES!

Superchannel movies will be unedited, uncut and presented in their entirety. Unlike movies shown on commercial television, Superchannel movies deliver theatre-like experience, thus affording the subscriber a greater emotional experience without commercial interruptions.

Some of the hits mentioned for play on Superchannel are: On Golden Pond,

Ragtime, Cannonball Run, Endless Love, The Great Muppet Caper, Escape from New York and Megaforce.

Sports certainly won't be overlooked and neither will concerts complete with stereo sound. Kris Kristofferson, Tina Turner and Charlie Pride have taped programs for Superchannel.



C Channel is a "lively arts" channel with emphasis on culture. Classical music, ballet, opera, drama, classic foreign films and children's programming will be offered on a seven-days-a-week schedule.

Their programming approach is diversity. On a given Sunday, C Channel might offer Pavarotti in Aida; The Black Stallion; a new Canadian production of Chesterton; Liana Boyd in concert; and Diner the hit U.S. movie about growing up in the 50s.

On C Channel, there will be a wide range of the best of the performing arts, from coast to coast and from around the world encompassing the best of classical and contemporary in every discipline—theatre, music, dance and opera.

Hollywood films, international award-winning films, classic films and even films for adult viewing will be shown on C Channel. Some of the movies listed to be played are La Cage aux Folles, Diner, The French Lieutenant's Woman; exceptional foreign films as Das Boot (Germany), Diva (France), Breaker Morant (Australia), Mephisto (Hungary) and Bye Bye Brazil (Brazil); along with classics such as Citizen Kane, The Red Badge of Courage, Casablanca, Birth of a Nation and Maltese Falcon.

For adult viewing such important

THE NEW SOURCE—PAY TV

films as *The Tin Drum* and *Montenegro* will be shown complete and uncut for the first time on C Channel.



Children's programming on C Channel includes Dickens' classics, *Kidnapped*, *Great Muppet Caper*, *The Prince and the Pauper*, *Robin Hood*, *Pied Piper of Hamelin* and *Cinderella*. There will also be "How To" programs on language, music, science and magic and special performing arts programs such as the *Nutcracker Suite* and *Song and Dance*—a film about ballet school.

Top flight movies will be a feature attraction of **First Choice**, a 24-hours-a-day Pay TV service, making up more than 70 per cent of the programming offered to their subscribers.

Smokey and the Bandit, *Halloween II*, *Conan*, *Quest for Fire* and others will undoubtedly be part of the First Choice's menu, which will also be heavily involved in Canadian produced projects.

In addition, other productions planned are a children's series, theatre performances and a consumer affairs series plus more variety and comedy specials, documentaries and docu-dramas.

Some Canadian producers already involved in First Choice projects are John Brunton, Lewis Chesler and Michael Maclear while among the talent lined up for First Choice are Cab Calloway, John Candy, *The Famous People Players*, Crystal Gayle, Andy Gibb, Ronnie Hawkins, *Shield and Yarnell*, Red Skelton, Jean Stapleton, David Steinberg, Dottie West, Alan Thicke and the rock group *Triumph*.

The advent of Pay TV in Canada has taken more than a decade since the Canadian Radio- television and Telecommunications (CRTC) released its first statement on Pay TV in 1972. Acknowledging growth interest in the service, the CRTC stated it would continue discussion with interested parties

"to determine the best method for a thorough examination of pay television services as an integral part of the Canadian broadcasting system."

The next seven years saw Canada's government and regulatory agency proceeding cautiously regarding Pay TV, while the cable industry pushed for action. Then, on April 21, 1981 the Commission issued a call for "formal licence applications for distribution of pay television service to subscribers." More than 350 written submissions were filed and from these, 27 applications were heard at a public hearing in September of that year.



On March 18, 1982, 10 years after the Commission's first announcement, six pay television licences were granted.

The Commission set out its objectives for the new service in the Pay TV decisions. For example, it felt that "pay television should contribute significantly to the broadcasting system by increasing the diversity of programming available to all Canadians coast-to-coast and by enhancing the quality and distinctiveness of Canadian programs. Pay television should also provide new opportunities for developing programs that reflect the various regions of Canada and should provide new programming in both official lan-

"Pay television should contribute significantly to the broadcasting system by increasing the diversity of programming available to all Canadians coast-to-coast."

guages." To this end, the CRTC granted one national general interest licence, one national cultural licence, three regional general interest licences and one regional multilingual licence.

With the granting of the licenses, there have been numerous questions from the public, however, the majority evolve around the cost for the extra channels and how Capital Cable subscribers will receive them.

As for the cost, the service will be on a per channel, per month basis. Signals will be scrambled until someone subscribes to the special pay services. At that time a de-scrambling device will be placed in the subscriber's home and will allow the Pay TV programs to be seen on the screen.

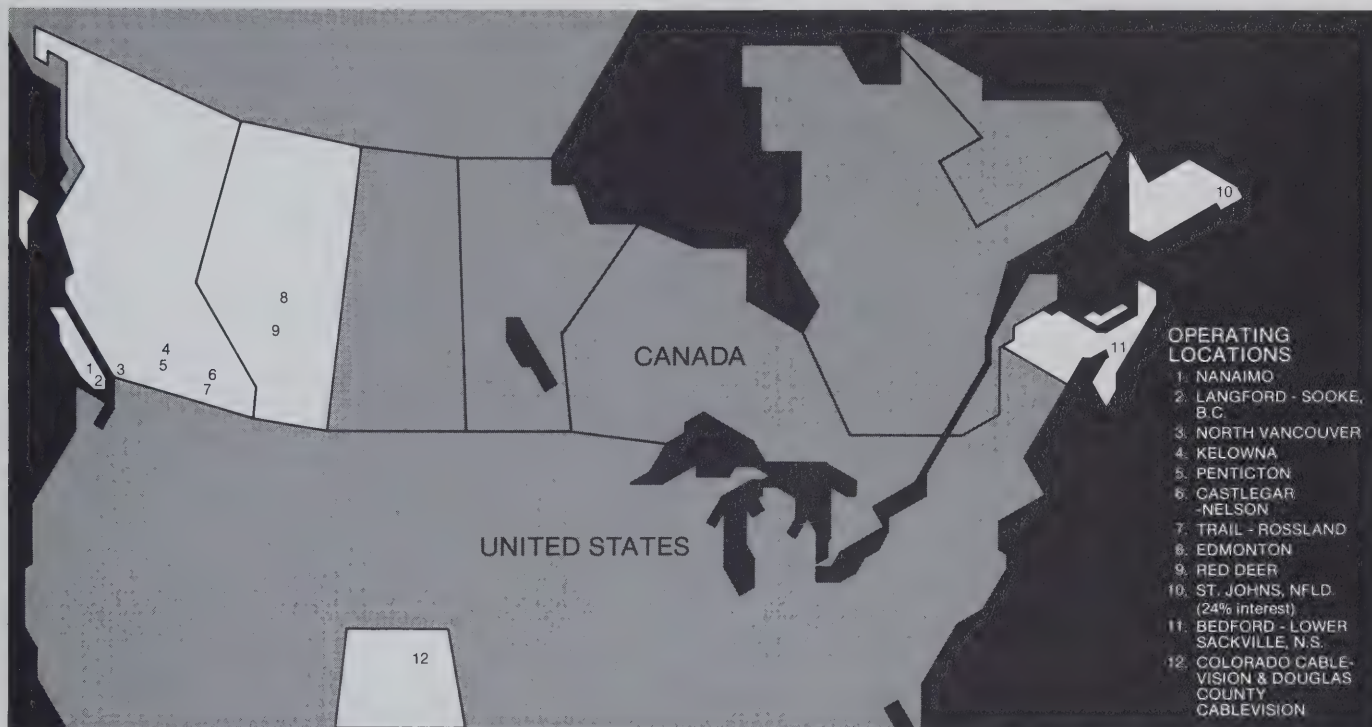
Arthur Taylor, president of the New York based Entertainment Channel, claims a strong promotional effort will be needed to overcome the confusion that will be experienced by Canadian consumers. He said the Pay TV networks must use the media to educate the audience about each service and the general benefits of Pay TV.



Adding to the confusion, said Taylor, is the fact Canada will experience in a short time what has taken years to develop in the United States. He added satellite delivery, multi-service packages and specialized channels all evolved over a period of time in the U.S.

TV columnist, Jack Miller, writing in the *Toronto Star*, said: "There have been wide-spread fears that Pay TV companies would treat the Canadian-content requirement as a burden and use token shows to fill it. But, now with Canadian films constituting the main reason for picking one service over another, the Pay TV operators will have to push for all the glitter and fan appeal they can get in their homemade product."

THE CORPORATE STORY



Cable television began in Canada in the early 1950s and because cable arose out of the simple idea of a single community antenna serving a group of users, its early history is unclear.

Companies were operating in Vancouver, Montreal and London, Ontario and just a couple of years later in the mountainous areas such as Trail, B.C., (a significant fact in our story.)

The prospect of establishing a cable TV enterprise in the west first attracted the attention of James R. Shaw back in the early 60s. Although there were approximately 400 cable television systems in Canada at the time, only five were located in Alberta, with neither Edmonton nor Calgary—Canada's seventh and eighth largest cities—served by cable.

It was against this backdrop that Capital Cable TV Ltd. was incorporated as a private company under the Alberta Charter on December 9, 1966, almost two years before Parliament enacted the current Broadcasting Act in 1968 when the CRTC replaced the "Board of Broadcast Governors".

In the fall of 1969 the Company began operations followed by the CRTC granting a licence in July, 1970. Milestone No. 1 was passed.

Plant construction got underway one year later in July, 1971. In September of that year, the first subscriber in Sherwood Park, a suburb of Edmonton, was connected. Milestone No. 2.

The signals from Spokane were travelling from a pickup point on Mount Kelly in Salmo, B.C., along a microwave path through Calgary, then on to Edmonton. A consortium of four cable companies in Calgary and Edmonton pooled resources, forming MKC Properties, which engineered and built a sophisticated antenna system atop

the mountain in B.C.

In the late fall of 1972, shares were issued and the listing appeared on the Alberta Stock Exchange. Another important milestone. The company's "B" shares are now due to be listed on the Toronto Stock Exchange.

Capital Cable extended its Edmonton licence to include the developing areas around the city which allowed for substantial future growth. The expansion plan worked. The surrounding communities mushroomed and the company's subscriber numbers quickly rose. Another milestone.

In the Okanagan, Penticton Cable, Black Knight Cable (Kelowna) and Revelstoke Cable TV (later sold) attracted the attention of this growing company. A deal was struck, an application was made to the CRTC in early 1973, approval was received later that spring, and Capital Cable TV joined in the operation of two historic systems in the country.

Today, the subscribership in the Penticton and Kelowna systems total about 36,000.

The location of Urban Cablevision, a 15 year old system with its 8,500 subscribers adjacent to the burgeoning city of Victoria, became a part of the Capital Cable group in 1981. Now the company was touching the Pacific Ocean. Another milestone.

Off to the East Coast, and a few miles from Dartmouth, Nova Scotia, are the communities of Bedford and Lower Sackville, served by Metrovision Limited. At a CRTC hearing held in Fredericton, N.B. in March, 1981 approval was sought for the purchase of Trans Spectrum Services Limited, which operates Metrovision Limited (8,600 subscribers) and owns 24 per cent of Avalon Cablevision (28,000 subscribers) in St. John's, Newfoundland. Approval was granted a


few months later. Capital Cable TV was now operating coast to coast in Canada.

Meanwhile, assets of a cable television company operating in Colorado, were acquired with franchising of some of the small communities, near Denver and south into Douglas County. Unlike the Canadian acquisitions, the Colorado systems are being built from the ground up. A cable franchise in the U.S.—another milestone.

But it was the acquisition by Capital Cable TV of Cable West TV Ltd. that attracted much attention in the Canadian cable industry.

Here were two large systems, operating several smaller systems from a central metropolitan base. Cable West, in North Vancouver, whose roots go back to the beginnings of cable TV in Canada in its Trail, B.C. operation, also had systems in Nelson, Nanaimo and Red Deer, Alberta. Following negotiations for the acquisition, a hearing was called in Vancouver in October, 1981. The company received a go-ahead December 29, 1981. The combined total subscribers now made the Company the fourth largest cable system in Canada. A milestone of notable magnitude.

So here it is today, a company that spreads coast to coast, bringing together under one umbrella, some of the most capable staff in the Canadian cable industry; people whose expertise has brought respect and attention in administration, technical, engineering, community programming, accounting and customer service.

The next generation of cable services is now being developed to meet consumer demand to more fully utilize the capacity of cable technology. The company is justifiably proud of its record of service as it looks back at the milestones along the way 

10 YEARS OF COMMUNITY PROGRAMMING

Capital Cable TV programming has taken giant steps since its inception in 1972.

The past 10 years have been a virtual classroom study in the heights which community television programming can reach.

When Ernie Poscente, now vice-president, programming, became Capital's programming manager in 1972, he listened to the words of noted Canadian broadcaster and former CRTC chairman Harry Boyle, who advised Poscente to "make do with what you have."

These words came from Mr. Boyle after he had been interviewed on one of Capital's first community programming programs and Poscente had apologized for the cramped temporary studio quarters and the resulting studio heat.



In 1972, community programming at Capital was in its embryo stage. Today, however, there are programs involving numerous neighbourhood groups and equipment has grown from one large and cumbersome camera and videotape recorder to 12 modern cameras, 17 videotape machines, full editing facilities and, even a portable microwave link, all at the fingertips of skilled personnel based at Capital's programming studios at 7024 - 101 Avenue, Edmonton, as well as the smaller studio serving the neighbouring City of St. Albert, Alberta.

Capital's first venture into community programming consisted of trucking one studio camera to the confines of the Sherwood Park, Alberta arena in an

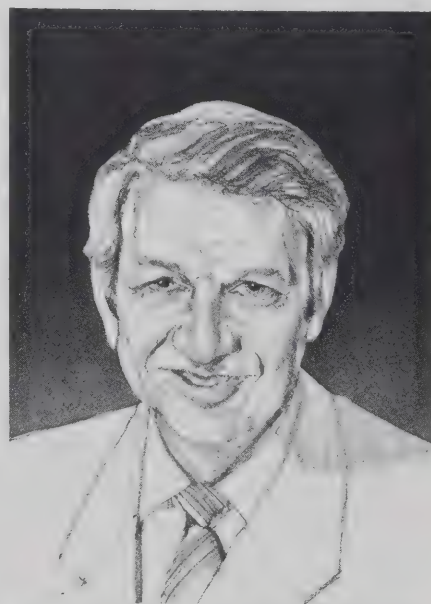
attempt to telecast a hockey game. Sometimes they were successful, sometimes not.

It was a primitive setup, in comparison with today's technology. In order to adjust the video and audio levels during the telecast, one of the crew members would telephone his home and ask his wife her assessment of the picture quality.

Since community programming, particularly in the Edmonton area, was very much in the pioneer stage, Capital Cable TV, under the direction of Poscente and with the full support of Mr. Shaw, kept adding people and equipment in order to get the right mix.

Capital's first priority in community programming was to hire a small staff secondly, to build a studio and third to develop and stimulate programming.

When the construction of the Edmonton studio was finally completed in the fall of 1973 after lengthy hours of planning and evaluation, the first production was highly memorable. "A Misty Smile and A Tear," depicted the every-day regimen of a child with cystic fibrosis, Mary Ivany, the late daughter



ter of Alberta Ombudsman Randolph Ivany and his wife, Joan.

After the studio became fully operational, the next two objectives were portability and mobility and, also in 1973, the original mobile—a self-contained production unit—was purchased. As further evidence of the growth of the programming area, a new mobile unit is now being constructed to replace the original.



"In fact, K-Days telecasts have been an annual, and integral part of Capital programming ever since."

However, there were touches of humanity mixed in with progress, for just prior to the 1973 Klondike Days in Edmonton, thieves, unknown even to this day, stole the mobile unit from the Capital parking lot.

Although, no equipment had been installed in the van, nevertheless, panic struck. One of Capital's employees on her way home to Redwater found the van abandoned on the outskirts of Edmonton. The police hadn't noticed it, although there was a huge "10" imprinted on both sides.

With the recovery of the mobile, the '73 Klondike Days coverage went ahead without a hitch. "In fact, K-Days telecasts have been an annual, and integral part of Capital programming ever since."

10 YEARS OF COMMUNITY PROGRAMMING

Besides the accessibility of Capital Cable production facilities to numerous ethnic and special interest groups in the community, there have been many other special programs, featuring such diversified international personalities from Mitch Miller to the Monty Python Comedy Troupe to Mr. Boyle.

The microwave link has also been used for the live production of the annual Christmas Bureau telethon located in the lobby of a downtown hotel, and it's that type of community programming which has given Capital credibility to add to its consistency. "CTEN", as the channel has been

West began showing one hour of Telidon-produced business information on the cable news channel every night.

In the branches, community programming got underway at different times. Red Deer was first and has been very successful in involving the community.

Programming in Nanaimo, B.C. started in 1975 with some ¾" equipment acquired in 1977 and new facilities constructed in 1979 when the Nanaimo operation moved into a specially designed programming complex.

The small communities in the Kootenays were a challenge with Trail programming beginning in January, 1976. Since there isn't a central facility, Trail programming is a multi-location situation. Nearly all programming is done at various community locations



From those early days of eight-hours-a-week community programming, Capital now produces nearly 35

"When we were able to televise a live program this year from the patio of Edmonton's Macdonald Hotel, using our microwave link, it was thrilling, like stepping onto the moon."

hours. In addition there is also a fully equipped two-camera studio in St. Albert, which opened in 1974.

The staff of qualified community programmers has grown. The equipment certainly has improved throughout the years and this includes the recent acquisition of the live microwave link, which has enabled Capital to "break away" from the studio.

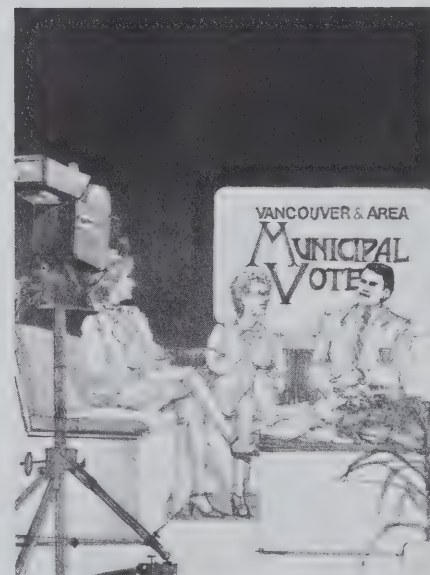
"When we were able to televise a live program this year from the patio of Edmonton's Macdonald Hotel, using our microwave link, it was thrilling; like stepping onto the moon." said Poscente.

dubbed, has become a vital part of the Edmonton and area spectrum during the past 10 years.

While Capital community programming has continued to grow over 10 years, so has Cable West, which also started its community programming efforts in 1972.

They too started slowly and, in 1975, Cable West converted to color productions and, in 1977, upgraded to the more sophisticated ¾" equipment. It also happened to coincide with a new image and the new name "Cable West".

The North Vancouver facilities, from their humble beginnings, now include a new color mobile, portable equipment, a spacious 40' x 50' studio, control room with multiple effects production switcher and even stereo sound production as well as post-production facilities. North Van also introduced mid-band channels in 1979 including a multi-cultural channel, Galaxie, House of Commons, Knowledge Network (Provincial Education), KIRO-TV, Seattle, KSTW-TV Tacoma. Last May Cable



with the mobile van, which was newly outfitted in 1981.

In Nelson, B.C. programming began in 1977. Its development has been very impressive with the full use of the studio and portable equipment and a wide involvement of volunteers in the community.

Both the Capital Cable and Cable West community programming departments have seen tremendous strides since their separate beginnings in 1972 ©

OPERATING LOCATIONS



Prior to the acquisition of Cable West, Capital Cable was operating cable systems in the following locations: (photos from top left).

The Urban Cablevision towers rise high over Vancouver Island scenery. They serve the communities of Langford and Sooke, B.C. on the outskirts of Victoria.

Kelowna Cable TV continues to grow with the city it serves. Situated in the heart of the Okanagan Valley.

Penticton Cable TV serving the communities to Penticton, Summerland, Okanagan, Kaleden and Naramata.

Avalon Cablevision serves the city of St. John's Newfoundland. The view is from historic signal hill where the father of electronic communications, Marconi, conducted his first transmission experiments.

Metrovision services the area comprised of the Bedford-Lower Sackville region of Greater Halifax and serves almost 8,600 subscribers in that area.

Colorado Cablevision is located in the foothills of the Colorado Rocky Mountains and serves not only the areas surrounding Greater Denver, but Douglas County and Castle Rock, south of Denver.

With the acquisition of Cable West TV Ltd., six cable systems situated throughout British Columbia from Vancouver Island to the Kootenays and into Alberta established Capital Cable's position as a prominent western based Canadian cable company serving a total of 255,000 subscribers. (photos from top right).

Nanaimo, B.C. has enjoyed rapid growth over the past ten years attracting a diverse population.

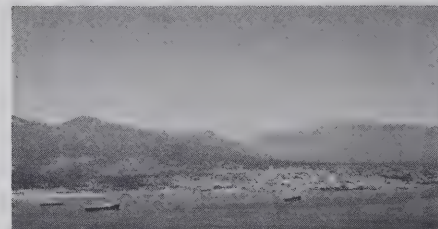
The administrative centre of Cable West is North/West Vancouver. This area yields the largest single subscriber base of the Cable West system.

Nelson, B.C., situated on the shores of beautiful Kootenay Lake. One of the oldest cable systems in Canada.

Castlegar, B.C. is located midway between Trail and Nelson. Its present economy relies on both Celgar and Cominco. Agriculture is also important.

Trail, B.C. welcomed cable TV in the early 50s making this mountainous region an early testing ground for this new form of television transmission.

The Cable West systems reach into the Alberta market by way of the Red Deer system. The City of Red Deer is situated midway between Edmonton and Calgary.



CAPITAL CABLE TV LTD. 1991 CONSOLIDATED FINANCIAL STATEMENTS

CAPITAL CABLE TV LTD. CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS AND OFFICERS

DIRECTORS

Leslie C. Blackburn,
Calgary, Alberta

Peter R. Classon, C.A.
Dartmouth, Nova Scotia

Louis A. Desrochers, Q.C.
Edmonton, Alberta

Kenneth R. Fowler,
North Vancouver, B.C.

D. Lloyd Gartrell,
Summerland, British Columbia

Anthony F. Griffiths,
Toronto, Ontario

Robert W. Lamb,
Calgary, Alberta

C. Thomas Peacocke,
Edmonton, Alberta

George E. Poole,
Edmonton, Alberta

John E. Poole,
Edmonton, Alberta

James R. Shaw,
Edmonton, Alberta

Leslie E. Shaw,
Woodbridge, Ontario

OFFICERS AND SENIOR MANAGEMENT

James R. Shaw,
President

Peter R. Classon, C.A.
Executive Vice-President

Robert A. Elliot
Vice-President & General
Manager

Ernest C. Poscente,
Vice-President -Programming

Louis A. Desrochers, Q.C.
Secretary

J. Andrew Telford, C.A.
Corporate Controller

CORPORATE OFFICE

9405 - 50th Street,
Edmonton, Alberta
T6B 2T4
(403) 468-1230

OPERATING DIVISION

7024 - 101 Avenue,
Edmonton, Alberta
T6A 0H7
(403) 468-7111

AUDITORS

CLARKSON GORDON,
Edmonton, Alberta

BANKER

Toronto Dominion Bank
Edmonton, Alberta

REGISTRAR AND TRANSPORT AGENT

Royal Trust
Edmonton, Alberta

LISTING

Alberta Stock Exchange

OPERATING SUBSIDIARY COMPANIES

Kelowna Cable TV Ltd.
Kelowna, British Columbia
D. Lloyd Gartrell,
President & General Manager
Richard A. Gunoff, Manager

Penticton Cable TV Ltd.
Penticton, British Columbia
D. Lloyd Gartrell,
President & General Manager
Malcolm I. Donkin, Manager

Urban Cablevision Ltd.
Langford, British Columbia
Gerald M. Davis, Manager

Metrovision Limited,
Lower Sackville, Nova Scotia
Donald G. Beebe, Manager

Colorado Cablevision, Inc.
Castle Rock, Colorado
Peter R. Classon, President

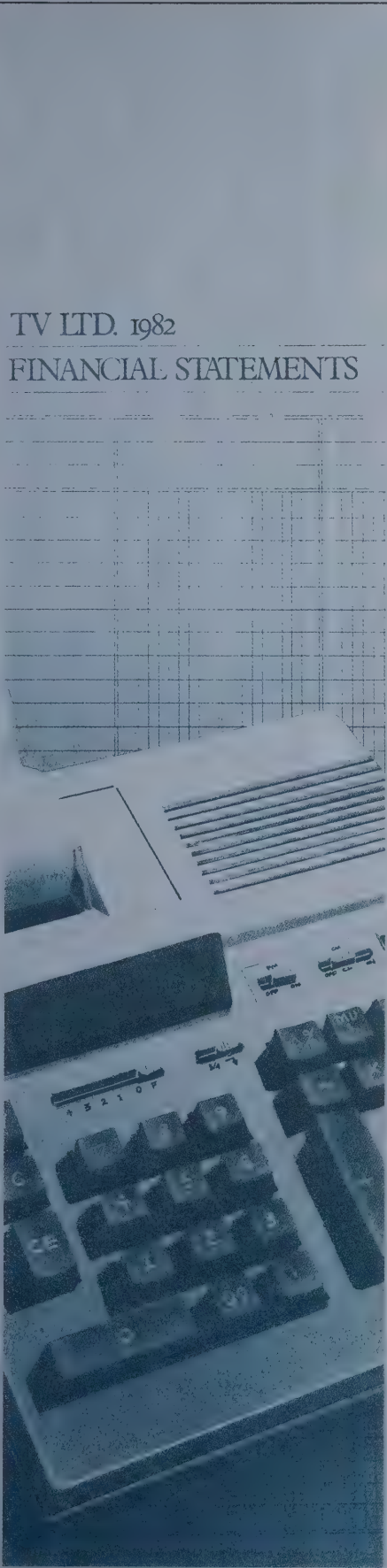
Cable West TV Ltd.
North Vancouver, British
Columbia
Robert W. Lamb, Chairman
Kenneth R. Fowler,
Vice-President & General
Manager

Additional copies of this Annual Report
may be obtained by sending requests to:
Capital Cable TV Ltd.

Corporate Office
9405 - 50 Street, Edmonton, Alberta T6B 2T4
(403) 468-1230

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FINANCIAL REPORT

ACQUISITIONS:

The 1982 Financial Statements include all of the assets and liabilities of Cable West TV Ltd. which was acquired by the Company on March 1, 1982. The results of Cable West TV Ltd.'s operations since that date have been included in the 1982 financial statements as well. The Company's U.S. subsidiary, Colorado Cablevision Inc. is still in the pre-maturity phase of its operations but will come into active operations early in 1983. It should be noted that during 1982, Colorado Cablevision, Inc. repurchased eight per cent (8%) of its outstanding common shares held by minority shareholders with the result being that the Company now owns 100% of the outstanding common shares of Colorado Cablevision, Inc.

REVENUES:

Consolidated revenues of the Company for 1982 have increased to \$20,970,000 from \$13,101,000 in 1981. This increase of 60% is largely due to the acquisition of Cable West TV Ltd. and the resulting increase in subscriber base. The remaining reasons for the increase in revenue are: subscriber growth due to construction in new areas and an increase in our satu-

ration percentage to 79.0% from 75.8%. These three items have resulted in an increase in the Company's total number of subscribers to 255,266 from 144,622 in 1981. This increase in subscriber base is solely responsible for the growth in revenues as there have been no rate increases in the past 12 month fiscal period. It should be noted that the CRTC is following the Federal Budget Guidelines and the Company will be limited to a 6% rate increase in fiscal 1983 and 5% in 1984.

OPERATING COSTS AND EXPENSES:

Operating costs during 1982 totalled \$10,969,000 and consumed 52.3% of total revenues as compared to \$6,615,000 and 50.5% in 1981. Depreciation and amortization as a percentage of total revenues remained fairly constant, but interest expense climbed to \$2,752,000 in 1982 from \$1,132,000 in 1981. The two major reasons for the increase were the large rise in interest rates in 1982 and the assumption of long-term debt on the Cable West TV Ltd. acquisition.

NET INCOME:

Net Income showed a small decline in 1982 to \$2,034,000 from \$2,112,000 in 1981 while Income Before Extraordi-

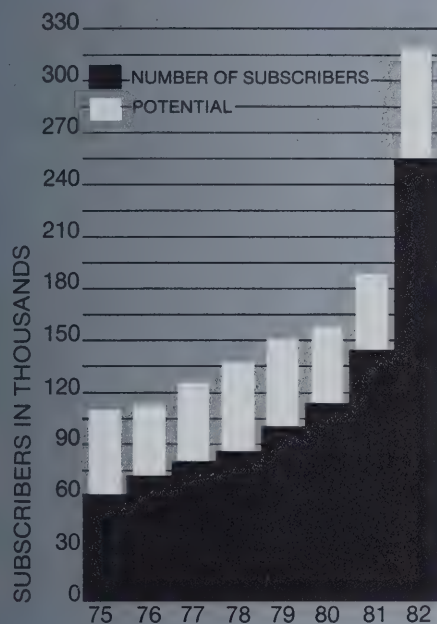
nary Items increased by 11.9% to \$2,034,000 from \$1,818,000 in 1981. The reason for this anomaly is the extraordinary gain of \$294,000 realized on the sale of the Third Shelf Corporation in 1981. Earnings per share before extraordinary items decreased to \$.52 from \$.61 in 1981. The decrease resulted from two things: an increase in the number of outstanding shares and preferred share dividends. During 1982 the Company issued 676,239 Class A and B participating shares as part of the Cable West TV Ltd. acquisition; this increased the weighted average number of shares outstanding in 1982 to 3,338,120 from 3,000,000 in 1981. As well, this was the first year that there were preferred share dividends, and these dividends reduced the income used to calculate earnings per share by \$293,000.

DIVIDENDS:

Cash dividends of 6¢ per Class A participating share and 8.5¢ per Class B participating share were paid in December, 1981 and again in June, 1982. Cash dividends totalling \$45,000 were paid in May, 1982 on the 8% Cumulative Preferred Shares that were redeemed in that month. The remaining cumulative dividend for 1982 of \$248,000 on the 8% Cumulative Preferred Shares was paid after the year end in September, 1982 ©

FINANCIAL HIGHLIGHTS

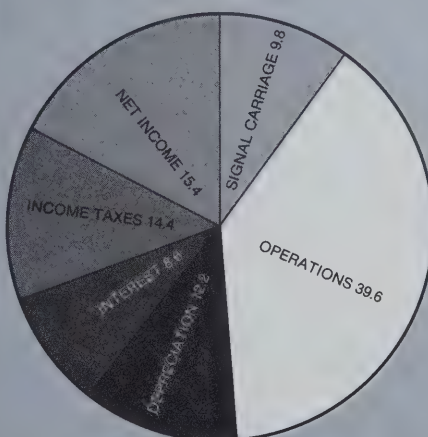
CAPITAL CABLE'S SUBSCRIBER BASE & POTENTIAL



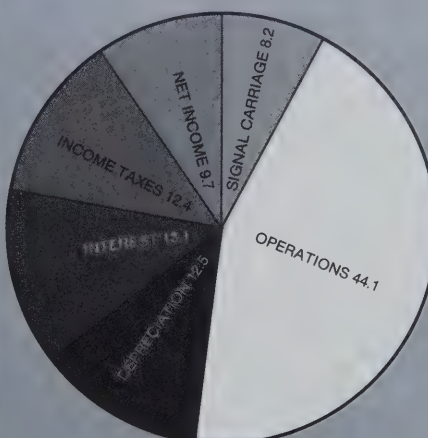
HOW TOTAL INCOME WAS SPENT % OF TOTAL INCOME

	1982	1981
Number of Subscribers	255,266	144,622
Estimated Potential Subscribers	322,980	190,800
Total Income	\$20,970,000	\$13,101,000
Net Income	\$2,034,000	\$2,112,000
Net Income Per Share	\$.52	\$.70
Cash Dividends Paid	\$ 509,000	\$ 405,000
Stock Dividends Paid	—	\$ 2,028,000
Total Long-Term Debt	\$21,993,000	\$ 9,670,000
Long-Term Debt Per Subscriber	\$ 86.16	\$ 66.86
Funds Generated From Continuing Operations	\$ 5,468,000	\$ 4,232,000
Funds Generated Per Share	\$ 1.64	\$ 1.41
Total Fixed Assets at Cost	\$53,355,000	\$31,399,000
Fixed Assets Per Subscriber	\$ 209.02	\$ 217.11

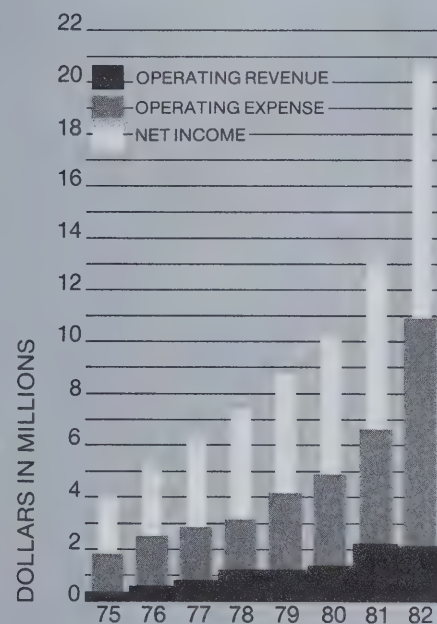
PERCENTAGE 1981



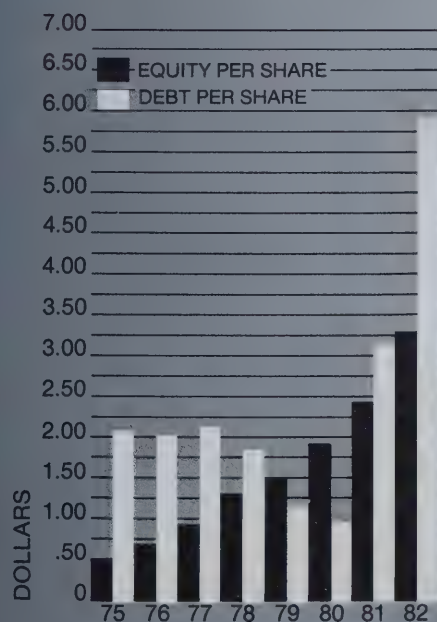
PERCENTAGE 1982



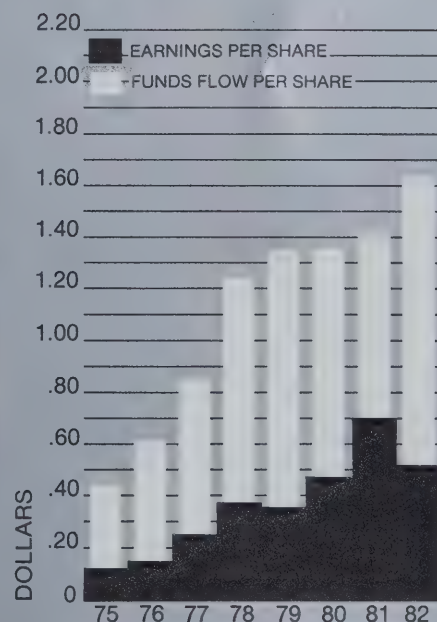
OPERATING REVENUE EXPENSES AND NET INCOME



EQUITY AND LONG-TERM DEBT PER SHARE



FUNDS FLOW AND EARNINGS PER SHARE



AUDITORS' REPORT

To the Shareholders of
Capital Cable TV Ltd.:

We have examined the consolidated balance sheet of Capital Cable TV Ltd. as at August 31, 1982 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at August 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Chartered Accountants

Edmonton, Canada
November 15, 1982

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Note 8 continued)

The Company has assigned its book debts as collateral for a revolving term bank loan amounting to \$18,510,000; two subsidiary companies have given a general assignment of book debts and a fixed and first floating charge over their assets as collateral for \$1,884,000 in revolving term bank loans; and a subsidiary has given a first fixed and floating charge on its assets as collateral for the 12% debentures. All bank loans are evidenced by promissory notes.

The 9% sinking fund debentures are unsecured. The sinking fund requirements provide that \$120,000 be deposited with the Trustee each year from December 1, 1983 to 1986 inclusive. The debentures are redeemable before maturity at any time or in part from time to time at the option of the Company. The trust indenture relating to the debentures contains certain provisions restricting payment of dividends by the Company.

Principal repayments on long-term debt and future minimum lease payments under capital leases in each of the next five years are as follows (U.S. dollar repayments have been translated to Canadian dollars at the current exchange rate):

	Capital leases	Other long-term debt
1983	\$ 222,000	\$ 1,704,000
1984	222,000	644,000
1985	183,000	981,000
1986	66,000	2,135,000
1987	30,000	2,352,000
After 1987		15,580,000
Total minimum lease payments	723,000	
Less interest included in capital leases	200,000	
Present value of minimum capital lease payments and other long-term debt	\$ 523,000	\$ 23,396,000

9. SHARE CAPITAL

Authorized -

On January 8, 1982 the shareholders approved a special resolution authorizing the creation of 847,025 8% cumulative, non-voting preferred shares with a par value of \$10 per share, redeemable at par.

The authorized capital is as follows:

	1982	1981
	(number of shares)	
8% cumulative, redeemable at par, non-voting preferred shares with a par value of \$10 per share	847,025	
Class A voting participating shares of no par value	15,000,000	15,000,000
Class B non-voting participating shares with a par value of 10¢ each	15,000,000	15,000,000

Class A shares are convertible at any time into an equivalent number of Class B shares. The Class B shares are convertible into an equivalent number of Class A shares in limited circumstances.

Issued -

The following share transactions took place during the year:

- (a) On March 1, 1982, as consideration for the acquisition of 91.82% of the issued and outstanding shares of Cable West TV Ltd. (see Note 2), the following shares were issued:

Class of Shares	Number	Value
Preferred	777,725	\$ 7,777,000
Class A	130,500	3,278,000
Class B	545,739	55,000
		<u>\$11,110,000</u>

The Company has an option to acquire, and the vendors an option to sell, the remaining 8.18% interest in Cable West TV Ltd. before January 15, 1983 for the following share consideration:

Class of Shares	Number	Value
Preferred	69,300	\$ 693,000
Class A	19,500	293,000
Class B	44,376	4,000
		<u>\$ 990,000</u>

Included in other current assets are loans receivable of \$90,000 owing by the minority shareholders of Cable West TV Ltd. These loans are to be repaid upon the subsequent issue and redemption of preferred shares.

- (b) Under the terms of its agreement to acquire the shares of Cable West TV Ltd., the preferred shares are to be redeemed over a five year period. On May 1, 1982, 229,546 preferred shares having a par value of \$2,295,000 were redeemed. Annually on March 1, 1983 to 1986, 110,182 shares are to be redeemed and 107,451 shares redeemed on March 1, 1987. Preferred shares to be issued on acquiring the remaining Cable West TV Ltd. interest will be redeemable in the same manner.

- (c) During 1982, 2,100 Class A voting participating shares were converted into an equivalent number of Class B non-voting participating shares.

The issued share capital is as follows:

	1982	1981
548,179 preferred shares	\$ 5,482,000	
2,126,400 Class A participating shares (1981-1,998,000)	6,278,000	\$ 3,000,000
1,549,839 Class B non-voting participating shares (1981-1,002,000)	155,000	100,000
	<u>\$11,915,000</u>	<u>\$ 3,100,000</u>

Dividends -

The holders of Class B non-voting participating shares are entitled to receive during each dividend period, in priority to the payment of dividends on the Class A shares, a preferential non-cumulative dividend. The preferential dividend rate is \$0.05 per share per annum but is subject to proportionate adjustment in the event of future consolidations or subdivisions of shares and in the event of any issue of shares by way of stock dividend. After payment or setting aside for payment of preferential non-cumulative dividends on the Class B shares, holders of Class A and B shares participate equally, share for share, as to all subsequent dividends declared.

As at August 31, 1982, cumulative but unpaid dividends on outstanding preferred shares amounted to \$248,000. These dividends were paid on September 1, 1982.

Share transfer restriction -

The Articles of Association of the Company empower the directors to refuse to issue or transfer any share of the Company that would jeopardize or adversely affect the right of Capital Cable TV Ltd. or any subsidiary to obtain, maintain, amend or renew a license to operate a broadcasting undertaking pursuant to the Broadcasting Act (Canada).

10. INCOME TAXES

The income tax provision exceeds the combined Federal and Provincial statutory rates (approximately 50% in 1982 and 1981) when applied against operating income before income taxes largely because depreciation recorded on the write-up to fair value of assets acquired in business acquisitions is not deductible for income tax purposes and no tax recovery is recorded on losses incurred by the U.S. subsidiary.

As a result of income tax reassessments applicable to the years 1978 to 1981, income taxes previously deferred became payable. Interest on the related reassessments has been charged to the statement of income in the years to which the charges relate and prior years' figures restated.

11. OWNERSHIP OF DISTRIBUTION AND FEEDER CABLES

The City of Edmonton issued a statement of claim in 1978 against the Company for an order declaring that it is authorized by statute to purchase, own and lease distribution and feeder cables for the distribution of C.A.T.V. signals which are presently owned by the Company in Edmonton. If successful, the City would have the right to purchase the installed cable from the Company at depreciated value and then lease the cables to the Company pursuant to an existing agreement. It is not contemplated that the Company would suffer any significant monetary loss if this were to occur. The Company has filed a statement of defense requesting that the Courts dismiss the City's action. No immediate settlement of the dispute is expected.

12. COMMITMENTS

The Company and its subsidiaries have commitments under long-term operating leases and agreements for franchises and rentals of transmission facilities and premises amounting to approximately \$2,240,000 per annum.

13. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid or payable to the directors and the senior officers of the Company and its subsidiaries, as defined by the Alberta Companies Act, amounted to \$447,000 for the year ended August 31, 1982 (\$360,000 for 1981).

14. CAPITAL REDEMPTION RESERVE FUND

Pursuant to Section 70(3) of the Alberta Companies Act, \$2,295,000 of retained earnings is designated as the Capital Redemption Reserve Fund and is not available for distribution as dividends without a formal reduction in capital.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED AUGUST 31, 1982
(with comparative figures for 1981)

	1982	1981
INCOME:		
Service charges	\$ 19,040,000	\$ 11,770,000
Connection fees	1,263,000	1,102,000
Other	667,000	229,000
	<u>20,970,000</u>	<u>13,101,000</u>
EXPENSES:		
Franchise, head-end, microwave, pole, span and duct rental and transmission charges	1,723,000	1,290,000
Operations, administrative, general office, selling and production	9,246,000	5,325,000
Depreciation and amortization	2,635,000	1,595,000
Interest - long-term debt	2,604,000	1,074,000
- other	148,000	58,000
	<u>16,356,000</u>	<u>9,342,000</u>
OPERATING INCOME BEFORE INCOME TAXES	<u>4,614,000</u>	<u>3,759,000</u>
INCOME TAXES (Note 10) -		
Current	1,795,000	1,111,000
Deferred	802,000	841,000
	<u>2,597,000</u>	<u>1,952,000</u>
INCOME BEFORE THE FOLLOWING SHARE OF NET INCOME OF AFFILIATES	<u>2,017,000</u>	<u>1,807,000</u>
	17,000	11,000
INCOME BEFORE EXTRAORDINARY ITEMS	<u>2,034,000</u>	<u>1,818,000</u>
EXTRAORDINARY ITEMS		294,000
NET INCOME	<u>\$ 2,034,000</u>	<u>\$ 2,112,000</u>
EARNINGS PER SHARE		
Income before extraordinary items	\$.52	\$.61
Net income	<u>\$.52</u>	<u>\$.70</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED AUGUST 31, 1982
(with comparative figures for 1981)

	1982	1981
RETAINED EARNINGS, BEGINNING OF YEAR:		
As previously stated	\$ 4,258,000	\$ 4,544,000
Interest relating to prior years' income tax reassessments (Note 10)	73,000	38,000
As restated	4,185,000	4,506,000
Net income	<u>2,034,000</u>	<u>2,112,000</u>
	<u>6,219,000</u>	<u>6,618,000</u>
DIVIDENDS:		
Cash -		
Class A participating shares	247,000	120,000
Class B participating shares	217,000	85,000
Preferred shares	45,000	
Common shares		200,000
	<u>509,000</u>	<u>405,000</u>
Stock dividend on Class A participating shares -		
1,000,000 Class A participating shares		1,928,000
1,000,000 Class B participating shares		100,000
	<u>509,000</u>	<u>2,433,000</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 5,710,000</u>	<u>\$ 4,185,000</u>

CONSOLIDATED

AUGUST 31, 1982
(with comparative figures for 1981)

CURRENT:

Cash and term deposits
Accounts receivable
Prepaid expenses and other current assets

INVESTMENTS (Note 4)

PROPERTY, PLANT AND EQUIPMENT (Note 5)
DEFERRED CHARGES (Note 6)
SUBSCRIBER BASE AND GOODWILL (Note 7)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT:

Accounts payable and accrued liabilities
Income taxes payable
Unearned subscriber revenue
Current portion of long-term debt

LONG-TERM DEBT (Note 8)

DEFERRED INCOME TAXES
MINORITY INTEREST IN SUBSIDIARY COMPANY

SHAREHOLDERS' EQUITY:

Share capital (Note 9)
Retained earnings (Note 14)

On behalf of the Board:

(See accompanying notes)

Director

Director

BALANCE SHEET

31, 1982

es at August 31, 1981)

ETS

	1982	1981
	\$ 541,000	\$ 1,873,000
	1,135,000	572,000
	<u>578,000</u>	<u>317,000</u>
	2,254,000	2,762,000
	1,781,000	631,000
es 5 and 11)	39,111,000	19,703,000
	409,000	322,000
7)	<u>13,380,000</u>	<u>2,992,000</u>
	<u>\$ 56,935,000</u>	<u>\$ 26,410,000</u>

REHOLDERS' EQUITY

	\$ 2,367,000	\$ 1,663,000
	1,896,000	867,000
	4,377,000	2,627,000
	<u>1,926,000</u>	<u>72,000</u>
	10,566,000	5,229,000
	21,993,000	9,670,000
	5,761,000	4,214,000
PANY	<u>990,000</u>	<u>12,000</u>
	11,915,000	3,100,000
	<u>5,710,000</u>	<u>4,185,000</u>
	17,625,000	7,285,000
	<u>\$ 56,935,000</u>	<u>\$ 26,410,000</u>

nying notes)

James L. Shaw.

Eaton.

CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITION

YEAR ENDED AUGUST 31, 1982

(with comparative figures for 1981)

	1982	1981
SOURCES OF WORKING CAPITAL:		
Operations -		
Income before extraordinary items	\$ 2,034,000	\$ 1,818,000
Items which do not use (provide) working capital:		
Depreciation and amortization	2,635,000	1,595,000
Deferred income taxes	802,000	841,000
Share of net income of affiliates	(17,000)	(11,000)
Other	<u>14,000</u>	<u>(11,000)</u>
Working capital provided by operations	5,468,000	4,232,000
Increase in long-term debt	3,129,000	5,175,000
Proceeds on sale of investment (net of related income taxes of \$106,000)		1,535,000
Other	<u>101,000</u>	<u>29,000</u>
	<u>8,698,000</u>	<u>10,971,000</u>
USES OF WORKING CAPITAL:		
Business acquisitions (note 2):		
Total consideration	11,291,000	2,481,000
Working capital deficiency assumed	<u>2,303,000</u>	<u>899,000</u>
	13,594,000	3,380,000
Deduct:		
Deposits in prior years		225,000
Issue of share capital	<u>11,110,000</u>	
Net use of working capital	2,484,000	3,155,000
Additions to property, plant and equipment	7,559,000	5,072,000
Increase in investments	1,133,000	
Investment in Third Shelf Corporation less \$406,000 previously advanced		799,000
Dividends	509,000	405,000
Redemption of preferred shares	2,295,000	
Deferred charges	115,000	300,000
Reduction in deferred income taxes on tax reassessments	<u>448,000</u>	
	<u>14,543,000</u>	<u>9,731,000</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(5,845,000)	1,240,000
WORKING CAPITAL DEFICIENCY, BEGINNING OF YEAR	<u>2,467,000</u>	<u>3,707,000</u>
WORKING CAPITAL DEFICIENCY, END OF YEAR	<u>\$ 8,312,000</u>	<u>\$ 2,467,000</u>

of shares over the fair value of net tangible assets included in the accounts. Since 1974 the excess of cost acquired has been allocated between goodwill and the share base represent the present value of the future and will not be amortized unless the number of cable lines or the Company believes there has been a

on basis whereby the provision for income taxes and expenses included in the statement of income companies' income tax returns. Deferred income amount of depreciation recorded for accounting income tax purposes.

incurred. An actuarial report as at December 31, 1981, fully funded.

weighted average number of shares outstanding derived from net income.

business acquisitions:

ed 91.82% (with an option on the same terms to 1985, 1983) of the issued and outstanding shares of operating in northwest Vancouver, Nanaimo, Trail, Alberta for \$11,127,000. The acquisition was on the basis of 9 for details of share consideration given). The Company purchased the minority interest outstanding for

ations, accounted for using the purchase method,

\$ 14,468,000
10,388,000
101,000
<u>24,957,000</u>
2,303,000
9,194,000
1,179,000
990,000
13,666,000
<u>\$ 11,291,000</u>

in Canada and the United States.

Canada	United States	Total
7,779,000	\$ 191,000	\$ 20,970,000
357,000	\$ (323,000)	\$ 2,034,000
217,000	\$ 4,718,000	\$ 56,935,000
88,000	\$ 13,000	\$ 13,101,000
125,000	\$ (13,000)	\$ 2,112,000
883,000	\$ 527,000	\$ 26,410,000
1982	1981	
\$ 569,000	\$ 530,000	
1,127,000		
1,696,000	530,000	
62,000	62,000	
19,000	19,000	
4,000	20,000	
<u>\$ 1,781,000</u>	<u>\$ 631,000</u>	

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated depreciation and amortization	Net book value	
			1982	1981
Distribution system equipment -				
Cable	\$ 20,798,000	\$ 5,970,000	\$ 14,828,000	\$ 9,250,000
Electronics	6,462,000	1,642,000	4,820,000	1,680,000
Drops	13,937,000	3,755,000	10,182,000	4,908,000
Head-end	1,517,000	481,000	1,036,000	664,000
Construction in process	1,493,000		1,493,000	121,000
Total distribution equipment	44,207,000	11,848,000	32,359,000	16,623,000
Other equipment -				
Operations	911,000	374,000	537,000	392,000
Production	1,315,000	671,000	644,000	307,000
Office	544,000	163,000	381,000	191,000
Automotive	628,000	388,000	240,000	187,000
Data processing	453,000	162,000	291,000	26,000
Leasehold improvements	337,000	154,000	183,000	177,000
Buildings	2,804,000	241,000	2,563,000	1,079,000
Equipment under capital leases	655,000	243,000	412,000	
	51,854,000	14,244,000	37,610,000	18,982,000
Land	1,501,000		1,501,000	721,000
	<u>\$ 53,355,000</u>	<u>\$ 14,244,000</u>	<u>\$ 39,111,000</u>	<u>\$ 19,703,000</u>

6. DEFERRED CHARGES

	1982	1981
System development and franchising costs (net of accumulated amortization of: 1982 - \$12,000; 1981 - nil)	\$ 390,000	\$ 287,000
Financing costs (net of accumulated amortization of: 1982 - \$37,000; 1981 - \$33,000)	19,000	23,000
Other		12,000
	<u>\$ 409,000</u>	<u>\$ 322,000</u>

7. SUBSCRIBER BASE AND GOODWILL

	1982	1981
Subscriber base	\$ 12,459,000	\$ 2,071,000
Goodwill (acquired prior to 1974)	921,000	921,000
	<u>\$ 13,380,000</u>	<u>\$ 2,992,000</u>

8. LONG-TERM DEBT

	1982	1981
Revolving term bank loans, interest not in excess of 1% above the bank's prime lending rate with monthly repayment terms due by August 31, 1992 (including \$464,000 payable in U.S. funds)	\$ 20,394,000	\$ 7,824,000
Demand notes payable to shareholders, interest at revolving term bank loan rate	1,275,000	
Shareholders' notes, with interest at prime plus 1%		800,000
9% sinking fund debentures, due December 1, 1987	600,000	600,000
Mortgages payable with rates varying from 5% to 16% and maturing at various dates to 1994	787,000	21,000
12% debentures, due March 10, 1983	340,000	340,000
12% promissory note		145,000
Note payable with interest at prime plus 1%		12,000
	23,396,000	9,742,000
Capitalized lease obligations, interest at rates from 10% to 21% due to 1985	523,000	
	23,919,000	9,742,000
Less current portion	1,926,000	72,000
	<u>\$ 21,993,000</u>	<u>\$ 9,670,000</u>

EIGHT YEARS IN REVIEW

For the Years Ended August 31,

	1982	1981	1980
INCOME:			
Total income	\$ 20,970,000	\$ 13,101,000	\$ 10,462,000
Operating expenses	10,969,000	6,615,000	4,822,000
Depreciation and amortization	2,635,000	1,595,000	2,267,000
Interest	2,752,000	1,132,000	622,000
Income from continuing operations before income taxes	4,614,000	3,759,000	2,751,000
Income taxes	2,597,000	1,952,000	1,385,000
Income from continuing operations	2,017,000	1,807,000	1,366,000
Income from discontinued operations			
Share of net income of affiliates	17,000	11,000	
Income before extraordinary items	2,034,000	1,818,000	1,366,000
Extraordinary items		294,000	71,000
Net income	\$ 2,034,000	\$ 2,112,000	\$ 1,437,000
FINANCIAL POSITION:			
Shareholders' Equity	\$ 17,625,000	\$ 7,285,000	\$ 5,617,000
Fixed assets at cost	\$ 53,355,000	\$ 31,399,000	\$ 24,107,000
Long-term debt	\$ 21,993,000	\$ 9,670,000	\$ 2,950,000
Funds generated from operations	\$ 5,468,000	\$ 4,232,000	\$ 4,232,000
SHAREHOLDERS STATISTICS:			
Equity per share	\$ 3.30	\$ 2.43	\$ 1.87
Fixed assets per share	\$ 14.51	\$ 10.47	\$ 8.04
Long-term debt per share	\$ 5.98	\$ 3.22	\$.98
Earnings per share:			
Income from continuing operations	\$.52	\$.60	\$.46
Income before extraordinary items	\$.52	\$.61	\$.46
Net income for the year	\$.52	\$.70	\$.48
Funds generated per share	\$ 1.64	\$ 1.41	\$ 1.41
Share price range and volume (2)		(1)	(3)
Class A			
High	\$ 8.00	\$ 10.00	\$ 7.00
Low	\$ 5.375	\$ 7.00	\$ 2.92
Last	\$ 6.625	\$ 7.00	\$ 7.00
Volume	29,900	15,700	148,515
Class B			
High	\$ 6.625	\$ 8.50	
Low	\$ 4.75	\$ 7.50	
Last	\$ 6.00	\$ 7.50	
Volume	15,850	1,750	
(1) As reported by the Alberta Stock Exchange, November 30, 1981; all other years on a calendar year basis.			
(2) Adjusted retroactively for the 1981 share capital reorganization and stock dividend.			
(3) As reported by the Alberta Stock Exchange, December 9, 1980.			
SUBSCRIBER STATISTICS:			
Potential subscribers	322,980	190,800	160,200
Subscribers at year end	255,266	144,622	114,469
% saturation	79.0%	75.8%	71.5%
Equity per subscriber	\$ 69.05	\$ 50.37	\$ 49.07
Fixed assets per subscriber	\$ 209.02	\$ 217.11	\$ 210.60
Long-term debt per subscriber	\$ 86.16	\$ 66.86	\$ 25.77
Funds generated per subscriber	\$ 21.42	\$ 29.26	\$ 36.97
Operating expenses per subscriber	\$ 42.97	\$ 45.74	\$ 42.12
Number of subscribers per employee	1,100	845	954
Number of employees	232	171	120

1979	1978	1977	1976	1975
\$ 8,975,000	\$ 7,733,000	\$ 6,418,000	\$ 5,305,000	\$ 4,117,000
4,040,000	3,172,000	2,888,000	2,459,000	1,902,000
1,995,000	1,681,000	1,454,000	1,218,000	976,000
590,000	614,000	651,000	700,000	670,000
2,350,000	2,266,000	1,425,000	928,000	569,000
1,189,000	1,135,000	726,000	471,000	322,000
1,161,000	1,131,000	699,000	457,000	247,000
	24,000	17,000	19,000	19,000
1,161,000	1,155,000	716,000	476,000	266,000
	137,000		72,000	32,000
\$ 1,161,000	\$ 1,292,000	\$ 716,000	\$ 548,000	\$ 298,000
\$ 4,580,000	\$ 3,833,000	\$ 2,747,000	\$ 2,031,000	\$ 1,483,000
\$ 20,946,000	\$ 17,447,000	\$ 14,864,000	\$ 11,941,000	\$ 9,800,000
\$ 3,600,000	\$ 5,577,000	\$ 6,530,000	\$ 6,233,000	\$ 6,465,000
\$ 4,128,000	\$ 3,749,000	\$ 2,640,000	\$ 1,813,000	\$ 1,339,000
\$ 1.53	\$ 1.28	\$.92	\$.68	\$.49
\$ 6.98	\$ 5.82	\$ 4.95	\$ 3.98	\$ 3.27
\$ 1.20	\$ 1.86	\$ 2.18	\$ 2.08	\$ 2.16
\$.39	\$.38	\$.23	\$.15	\$.08
\$.39	\$.39	\$.24	\$.16	\$.09
\$.39	\$.43	\$.24	\$.18	\$.10
\$ 1.38	\$ 1.25	\$.88	\$.60	\$.45
\$ 3.33	\$ 3.00	\$ 2.33	\$ 1.33	\$ 1.00
\$ 2.83	\$ 2.25	\$ 1.28	\$.77	\$.33
\$ 2.83	\$ 3.00	\$ 2.25	\$ 1.28	\$.78
37,050	53,400	24,900	278,775	225,825
155,000	140,000	129,800	114,900	110,600
99,401	89,418	81,879	70,026	59,628
64.1%	63.9%	63.1%	60.9%	53.9%
\$ 46.08	\$ 42.87	\$ 33.55	\$ 29.00	\$ 24.87
\$ 210.72	\$ 195.12	\$ 181.54	\$ 170.52	\$ 164.35
\$ 36.22	\$ 62.37	\$ 79.75	\$ 89.01	\$ 108.42
\$ 41.53	\$ 41.93	\$ 32.24	\$ 25.89	\$ 22.46
\$ 40.64	\$ 35.47	\$ 35.27	\$ 35.12	\$ 31.90
904	836	700	588	519
110	107	117	119	115

DIRECTORS AND OFFICERS

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Calgary, Alberta

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Dartmouth, Nova Scotia

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Edmonton, Alberta

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North Vancouver, B.C.

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Summerland, British Columbia

Anthony F. Griffiths,
Toronto, Ontario

Robert W. Lamb,
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C. Thomas Peacocke,
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John E. Poole,
Edmonton, Alberta

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Edmonton, Alberta

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Woodbridge, Ontario

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Edmonton, Alberta

BANKER

Toronto Dominion Bank
Edmonton, Alberta

REGISTRAR AND TRANSPORT AGENT

Royal Trust
Edmonton, Alberta

LISTING

Alberta Stock Exchange



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Executive Vice-President

Robert A. Elliot
Vice-President & General Manager

Ernest C. Poscente,
Vice-President - Programming

Louis A. Desrochers, Q.C.
Secretary

J. Andrew Telford, C.A.
Corporate Controller

CORPORATE OFFICE

9405 - 50th Street,
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OPERATING DIVISION

7024 - 101 Avenue,
Edmonton, Alberta
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OPERATING SUBSIDIARY COMPANIES

Kelowna Cable TV Ltd.
Kelowna, British Columbia
D. Lloyd Gartrell,
President & General Manager
Richard A. Gunoff, Manager

Penticton Cable TV Ltd.
Penticton, British Columbia
D. Lloyd Gartrell,
President & General Manager
Malcolm I. Donkin, Manager

Urban Cablevision Ltd.
Langford, British Columbia
Gerald M. Davis, Manager

Metrovision Limited,
Lower Sackville, Nova Scotia
Donald G. Beebe, Manager

Colorado Cablevision, Inc.
Castle Rock, Colorado
Peter R. Classon, President

Cable West TV Ltd.
North Vancouver, British Columbia
Robert W. Lamb, Chairman
Kenneth R. Fowler,
Vice-President & General Manager

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Manager

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Vice-President -Programming

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Kenneth R. Fowler,
Vice-President & General
Manager

Additional copies of this Annual Report
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